

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 561 - Child Support Sanctioning Passports (LSB 1241 SV)
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Fiscal Note Version - New

Description

Senate File 561 brings the Child Support Recovery Unit (CSRU) into compliance with the federal Deficit Reduction Act of 2005.

Division I lowers the threshold amount of delinquent support due for the CSRU to submit the case to federal officials for sanction on a U.S. Passport from \$5,000 to \$2,500.

Division II assists the CSRU in meeting new requirements to review child support orders in Family Investment Program (FIP) cases every three years.

Division III makes changes to the Iowa medical support law for children. This Division takes effect March 1, 2008, to give the General Assembly the opportunity to amend the law to react to further federal changes. The changes include:

- Authorizes CSRU to seek orders for either parent to provide health insurance if available at a reasonable cost.
- Changes the definition of reasonable cost for premiums to no more than 5.0% of the parent's gross income.
- Requires orders for cash medical support if health insurance is not available at a reasonable cost.
- Directs payers of income to first withhold for current child and spousal support, then medical support for the current month, and then any delinquent support.

Division IV would allow the CSRU to retain interest from Fund 915 currently deposited in the General Fund. The language is retroactive to July 1, 2006. Of the interest in the fund, 66.0% is paid to the federal government. This Division is not required by the Deficit Reduction Act of 2005.

Assumptions

- Two FTEs beginning July 1, 2008, to assist in the review and adjustment of child support orders.
- Four and a half FTEs beginning March 1, 2009, to gather and review information and to determine the availability of health insurance for the child.
- Three FTEs beginning January 1, 2009, to help with the increase workload due the new mandated priority for withholding.
- An estimated 7,659 hours, at a rate of \$75 an hour, to reprogram automated system changes for the review and adjustment requirement and the medical support requirement.
- Sixteen scanners purchased at a cost of \$3,300 to be used in the field offices.
- Notification of 77,000 parents of the change in the passport law. The printing will cost \$0.44 for paper, printing, envelope, and postage.

- The CRSU will be required to send 2,690 review and adjustment notices costing \$1.27 each to custodial parents by regular mail. They will send 2,690 review and adjustment notices costing \$8.70 each to noncustodial parents. It is estimated half of the noncustodial parents will not pick up the certified mail and the CRSU will have to use a process server at \$38.50 each to deliver notices.
- The State match rate is 34.0%.
- The interest from Fund 915 is estimated to be \$275,000 for FY 2007 and \$264,000 for FY 2008 and FY 2009.

Fiscal Impact

An estimated \$97,000 State dollars will be spent on salaries for FY 2008 and \$193,000 will be spent in FY 2009.

An estimated \$273,000 State dollars will be spent on support and contract IT in FY 2008 and \$94,000 for FY 2009.

The interest from Fund 915 which will be retained by the CSRU will have a negative impact to the General Fund of an estimated \$275,000 for FY 2007 and \$264,000 for FY 2008 and FY 2009.

Senate File 561 is estimated to be a net decrease to the General Fund of \$275,000 in FY 2007, \$634,000 for FY 2008, and \$551,000 for FY 2009.

Source

Department of Human Services

/s/ Holly M. Lyons

March 21, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
